



Offer in Compromise – Bank and Corporation Taxes

General Information

An offer in compromise allows a corporation to offer a lesser amount for payment of a non-disputed final tax liability. If the offer is accepted, the corporation is granted relief from further obligation to pay the tax liabilities involved, although the terms of the acceptance may also require the corporation to pledge a percentage of future earnings or increases in income.

The Franchise Tax Board will accept an offer in compromise when:

- collection of the full amount owed is remote or unlikely;
- the corporation substantiates that the amount offered realistically reflects the corporation's present and future assets and income; and
- acceptance of the offer is in the best interest of the State.

Only non-disputed final tax liabilities may be included in an offer. All liabilities not included in the offer must be paid in full and all returns which have not been filed must be submitted before an offer can be considered.

We will not process your offer if:

- we have denied two previous offers on the same liabilities; or
- we have approved an offer from you on any liabilities within the previous five years.

If we approve your offer, we will file a stipulated judgment in Superior Court. When you fulfill all the conditions of your offer, we will file a satisfaction of the judgment with the court, adjust your liability to close your account, and release liens in most cases.

OBTAINING AN OFFER IN COMPROMISE

Several steps must occur to obtain a compromise of your tax liability. These steps are: submission of the offer, acceptance for further processing, evaluation and determination.

The following gives specific details on each step.

Submission of the Offer

Submission of an offer will not automatically suspend collection activity.

You must complete all the forms in this package and attach the required documentation. The required documentation is listed in Part II of the Statement of Financial Condition.

You may use federal Form 433-B in place of Part I of the Statement of Financial Condition if the information reflects your financial condition at the time you submit the offer. However, you must still include the information requested in Part II of the Statement of Financial Condition.

You must submit the completed forms and all required documentation to the collector assigned to your account. If your account is NOT assigned to a collector, you must take the forms and documentation to a district office listed on the back of this page or mail it to the Special Procedures Section, P.O. Box 2952, Sacramento, CA 95812-2952. PLEASE DO NOT SUBMIT PAYMENT WITH THESE FORMS.

Acceptance for Further Processing

If your offer meets our criteria for further processing, you will be notified of our acceptance and asked to do the following within 15 business days:

- submit full payment of the amount offered by cashier's or official check or money order; and
- submit any additional documentation, if necessary.

If you fail to respond within 15 days, we will deny your offer and send you written notification of the denial.

Once your offer has been accepted for further processing and we receive your payment, collection activity will generally be discontinued at the discretion of the collector processing your offer.

If we cannot accept your offer for further processing, you will be told why in writing. Reasons for denial at this stage include:

- an inadequate amount offered compared to your income and assets, or
- failure to provide the required documentation.

Evaluation and Determination

Once we receive your payment and any additional documentation we required, we will evaluate your offer and verify the information you provided. The evaluation and verification will allow us to determine if we will be able to collect more than the amount offered, either now or at some reasonable time in the future from the corporation or any assumer or transferee.

Our evaluation may take up to six months after your payment is submitted. During this time:

- Your offer may be referred to a district office for evaluation even if it is submitted to the Special Procedures Section in Sacramento.
- We will deposit your payment in a trust fund while your offer is under evaluation. We will automatically apply the payment to your account if your offer is approved. If your offer is denied, we will refund your payment or apply it to your account per your instructions at the time you made the offer.
- Interest will not accrue on the deposited payment while your offer is under evaluation; however, when the payment is applied to your account, it will be credited as of the date payment was received. If your offer is denied, interest will not be paid if your payment is refunded.
- Interest on the liability and penalties will continue to accrue while your offer is under evaluation.

Once we complete our evaluation we will notify you in writing of our determination.

Your offer in compromise must include the following:

- Completed Offer in Compromise Form (FTB 4905BCT)
- Completed Statement of Financial Condition – Parts I and II (FTB 3861A) with required documentation (Federal Form 433-B may be used in place of Part I)
- Authorization to Release Financial Information to the Franchise Tax Board (FTB 4905C)

Unless you have been otherwise directed, you must submit your offer to the collector assigned to your account. If your account is not assigned to a collector, you must submit the offer by either:

- Mailing the completed forms and documentation to:

Franchise Tax Board
Attn: Special Procedures Section
P.O. Box 2952
Sacramento, CA 95812-2952

OR

- Hand delivering the forms and documentation to a Franchise Tax Board district office listed below.

CITY	ADDRESS
Bakersfield	1430 Truxtun Avenue, Suite 120
Burbank	333 N. Glenoaks Blvd., Suite 200
Fresno	2550 Mariposa Street, Room 3002
Long Beach	245 W. Broadway, Suite 115
Los Angeles	300 S. Spring Street, Suite 5704
Oakland	1970 Broadway, Suite 550
Sacramento	8745 Folsom Blvd., Suite 150
San Bernardino	215 North D Street, Room 301
San Diego	5353 Mission Center Road, Suite 314
San Francisco	Office to be relocated*
San Jose	96 N. Third Street, 4th Floor
Santa Ana	600 W. Santa Ana Boulevard, Suite 300
Santa Barbara	360 S. Hope Avenue, Suite C-110
Santa Rosa	50 D Street, Room 130
Stockton	31 E. Channel Street, Room 219
West Covina	100 N. Barranca St., Suite 600

*For address information, call our F.A.S.T. toll-free phone number at 1-800-338-0505 (enter code **214** after you reach the number).

TELEPHONE ASSISTANCE

Our regular toll-free telephone service is available from 7:00 a.m. until 8:00 p.m. Monday - Friday from the first working day in January through the last filing day (generally April 15). The best times to call are between 7:00 a.m. and 10:00 a.m. and between 6:00 p.m. and 8:00 p.m. Service is also available from 8:00 a.m. until 5:00 p.m. on the two Saturdays prior to the final filing date. After April 15, service is available Monday through Friday between 8:00 a.m. and 5:00 p.m.

From within the United States, call	1-800-852-2753
From outside the United States, call (not toll-free).	1-916-845-6500
For hearing impaired with TDD, call	1-800-822-6268

Offer in Compromise

	Date
Name of Corporation	California Corporation Number
Address	Telephone Number
Corporate Officer/Director/Shareholder Name and Address	Federal Employer ID Number (FEIN)
Telephone Number	Title
Corporation or Individual Assumer's Name and Address	
Telephone Number	California or Federal Identification Number
Corporation's Representative Address	
Telephone Number	(Attach Power of Attorney)

The undersigned submits this offer in compromise for payment of the California state tax liability shown below:

1. AMOUNT OWED

Tax Year(s) _____ Amount Due _____
(Include tax, interest and penalties.)

2. OFFER

The sum of \$ _____ is offered in compromise.

If this offer in compromise is denied, the Franchise Tax Board is to:

_____ Retain any amounts deposited and credit it to the undersigned's liabilities.

_____ Return the amount deposited.

State of California — Franchise Tax Board

Offer in Compromise

3. SOURCE OF FUNDS

a. Is all or part of the amount being offered a loan? ☐ Yes ☐ No

If yes, please provide the following information and attach a copy of the loan agreement.

Amount borrowed \$ _____

Name of lender _____

Lender's address _____

Lender's telephone number _____

b. Is all or part of the amount being offered a gift? ☐ Yes ☐ No

If yes, please provide the following information:

Amount of gift \$ _____

Name of donor _____

Donor's relationship to the corporation _____

c. Describe sources of offered funds other than those listed in a or b.

4. OWNERSHIP

List any individual or corporate owners with 25% or more interest in this corporation.

Name of Owner(s)	% Owned	Federal or State Corporation Identification No. (if applicable)

(Attach a separate sheet scheduling any parent or subsidiary corporation relationship.)

Offer in Compromise

5. BASIS FOR THE OFFER

The following facts and reasons are submitted as grounds for acceptance of this offer:

(If more space is needed, please attach additional pages.)

6. It is understood that this offer will be considered and acted upon in due course and that it does not relieve the corporation from the liability sought to be compromised unless and until the offer is accepted by the Franchise Tax Board and there has been full compliance with the terms of the agreement including any collateral agreement.
7. It is agreed that, except for any amounts deposited in connection with this offer, the Franchise Tax Board will keep all payments and other credits made to the account for the periods covered by this offer, and that the Franchise Tax Board will keep any and all amounts to which the corporation may be entitled under the Revenue and Taxation Code, due through overpayments of any tax, penalty or interest, for any periods ending before the end of the calendar year in which this offer is accepted.
8. It is further agreed that upon notice to the corporation of the acceptance of the offer, the corporation shall have no right to contest in court or otherwise the amount of the liability sought to be compromised. No liability will be compromised until all obligations of the corporation under the compromise agreement or collateral agreement are completely performed. In the event of a default by the corporation on the collateral agreement, it is agreed that the Franchise Tax Board may disregard the amount of the offer and retain all amounts previously deposited under the offer and proceed to collect the balance of the original liability.

Under penalties of perjury, I declare that I have examined the information given in this statement and all other documents included with this offer and to the best of my knowledge and belief, it is (or they are) true, correct and complete.

Date of the Statement

Signature

Title

Bank and Corporation**California Statement of Financial Condition and Other Information – Part I**

Federal Form 433-B may be submitted in place of Part I of this form, however Part II must still be submitted.

Please furnish the information requested on this form along with the Offer in Compromise. It is important that all questions are answered. If a question does not apply, please enter N/A. This will expedite consideration of the offer.

1a. Name of Corporation	b. California Corporation Number
c. Corporate Address	d. Telephone Number

e. Trade or Business Name(s)	f. Business Address(es)	g. Business Telephone Number(s)	h. Type of Business(es)

2. Name of Representative	Daytime Telephone Number
Address	

*Provide Power of Attorney*3a. Bank accounts (*List all types of accounts including payroll and general, savings, certificates of deposit, etc.*) held during the past three years.

Name of Institution	Address	Type of Account	Account Number	Balance
Total (Also enter in item 4.a.1.)				▶

b. Bank credit available (*Lines of credit, etc.*)

Name of Institution	Address	Credit Limit	Amount Owed	Credit Available	Monthly Payments
				▶	

c. Location, box number, and contents of all safe deposit boxes rented or accessed.

Please furnish the most recent corporate financial information. In the columns below, show the cost and fair market value of each asset owned directly or indirectly. Also all interests in estates, trusts, and other property rights, including contingent interests and remainders.

4

Statement of assets and liabilities of _____
(date)

a.	Assets	Cost*	Fair market value
(1)	Cash	\$	
(2)	Cash surrender value of insurance (See item 5.)		
(3)	Accounts receivable (See item 7.)		
(4)	Notes receivable (See item 7.)		
(5)	Merchandise inventory (See item 8.)		
(6)	Real estate (See item 9.)		
(7)	Furniture and fixtures (See item 10.)		
(8)	Machinery and equipment (See item 10.)		
(9)	Trucks and delivery equipment (See item 11.)		
(10)	Automobiles (See item 11.)		
(11)	Securities (See item 12.)		
(12)			
(13)			
(14)			
(15)			
(16)			
(17)			
(18)			
(19)			
(20)			
(21)			
(22)			
(23)			
(24)			
(25)			
(26)			
(27)	Total Assets	\$	\$
b.	Liabilities	Amount	
(1)	Loans on insurance (See items 5 and 6.)	\$	
(2)	Accounts payable		
(3)	Notes payable		
(4)	Mortgages (See item 9.)		
(5)	Accrued real estate taxes (See item 9.)		
(6)	Judgments (See item 13.)		
(7)	Reserves (itemize)		
(8)			
(9)			
(10)			
(11)			
(12)			
(13)			
(14)			
(15)			
(16)			
(17)			
(18)			
(19)			
(20)			
(21)			
(22)	Total Liabilities	\$	

(*Less depreciation, if any.)

5. Life insurance policies now in force with right to change beneficiary reserved

Number of Policy	Name of Company	Amount of Policy	Present Cash Surrender Value Plus Accumulated Dividends	Policy Loan	Date Made	Automatic Premium Payments*	Date Made
a.		\$	\$	\$		\$	
b.							
c.							
d.							
e.							
f.							
g.							
h.							
i.							
j.							

6. Life insurance policies assigned or pledged on indebtedness

If any of the policies listed in item 5 are assigned or pledged on indebtedness, except with insurance companies, give the following information about each policy.

Number of Policy Assigned or Pledged	Name and Address of Pledgee or Assignee	Amount of Indebtedness	Date Pledged or Assigned
a.		\$	
b.			
c.			
d.			
e.			
f.			
g.			

7. Accounts and notes receivable

Name	Book Value	Liquidation Value	Amount of Indebtedness if Pledged	Date Pledged
a. Accounts Receivable				
(1)	\$	\$	\$	
(2)				
(3)				
(4)				
(5)				
(6)				
(7)				
(8)				
(9)				
(10)				
(11)				
(12) Total	▶ \$	\$	\$	
b. Notes Receivable				
(1)	\$	\$	\$	
(2)				
(3)				
(4)				
(5)				
(6)				
(7)				
(8)				
(9)				
(10)				
(11) Total	▶ \$	\$	\$	

8. Merchandise inventory					
Description	Cost	Fair Market Value	Liquidation Value	Amount of Indebtedness if Pledged	Date Pledged
a. Raw material	\$	\$	\$	\$	
b. Work in progress					
c. Finished goods					
d. Supplies					
e. Other (<i>Specify</i>)					
f. Total ▶	\$	\$	\$	\$	

9. Real estate					
Description	Cost	Fair Market Value	Balance Due on Mortgage	Date Mortgage Recorded	Unpaid Interest and Taxes
a.	\$	\$	\$		\$
b.					
c.					
d.					
e.					
f.					
g.					
h.					
i. Total ▶	\$	\$	\$		\$

10. Furniture and fixtures — Machinery and equipment					
Description	Cost*	Liquidation Value	Amount of Indebtedness if Pledged	Date Pledged	
a. Furniture and fixtures (Business)	\$	\$	\$		
b. Machinery (<i>specify kind</i>)					
c.					
d.					
e.					
f. Equipment (Except trucks and automobiles.) (<i>Specify</i>)					
g.					
h.					
i.					
j. Total ▶	\$	\$	\$		

11. Trucks and automobiles					
Description	Cost*	Liquidation Value	Amount of Indebtedness if Pledged	Date Pledged	
a. Trucks	\$	\$	\$		
b.					
c.					
d.					
e.					
f.					
g. Automobiles					
h.					
i.					
j.					
k.					
l.					
m. Total ▶	\$	\$	\$		

(*Less depreciation, if any.)

12. Securities (Bonds, stocks, etc.)					
Name of Company	Number of Units	Cost	Fair Market Value	Amount of Indebtedness if Pledged	Date Pledged
a.		\$	\$	\$	
b.					
c.					
d.					
e.					
f.					
g.					
h.					
i. Total	▶	\$	\$	\$	

13. Judgments			
a.	Amount of Judgment	Date Recorded	Where Recorded
b.	\$		
c.			
d.			
e. Total	▶	\$	

14. Affidavit

Under penalties of perjury, I declare that I have examined the information given in this statement and, to the best of my knowledge and belief, it is true, correct, and complete, and I further declare that there are no assets, owned either directly or indirectly, or income of any nature other than as shown in this statement.

a. Date of this statement	b. Signature	c. Title

State of California — Franchise Tax Board

Bank and Corporation

California Statement of Financial Condition and Other Information - Part II

To be submitted with Part I of this form or with federal Form 433-B.

1. Statement of income — Corporation

IMPORTANT: Please furnish the information requested below (from income tax returns, as adjusted, for past 2 years and from records for current year from January 1 to date).

a. Gross income	19	19	Jan 1 to 19
(1) Gross sales or receipts (Subtract returns and allowances.)	\$	\$	\$
(2) Cost of goods sold			
(3) Gross profit – trading or manufacturing			
(4) Gross profit – from other sources			
(5) Interest income			
(6) Rents and royalties			
(7) Gains and losses (From Schedule D.)			
(8) Dividends			
(9) Other (Specify)			
(10) Total Income	\$	\$	\$
b. Deductions			
(1) Compensation of officers	\$	\$	\$
(2) Salaries and wages (Not deducted elsewhere.)			
(3) Rents			
(4) Repairs			
(5) Bad Debts			
(6) Interest			
(7) Taxes			
(8) Losses			
(9) Dividends			
(10) Depreciation and depletion			
(11) Contributions			
(12) Advertising			
(13) Other (Specify)			
(14)			
(15) Total deductions	\$	\$	\$
c. Net income (loss)	\$	\$	\$
d. Nontaxable income	\$	\$	\$
e. Unallowable deductions	\$	\$	\$

2. Salaries paid to principal officers and dividends distributed — Corporation

IMPORTANT: Please show salaries paid to principal officers for past 3 years and amounts distributed in dividends, if any, during and since the taxable years covered by this offer.

a. Salaries paid to (Name and Title)		19	19	19	
(1)	. President	\$	\$	\$	
(2)	. Vice President				
(3)	. Treasurer				
(4)	. Secretary				
(5)					
(6)					
(7) Total		\$	\$	\$	
b. Year	Dividends Paid	Year	Dividends Paid	Year	Dividends Paid
(1)	\$	(8)	\$	(15)	\$
(2)		(9)		(16)	
(3)		(10)		(17)	
(4)		(11)		(18)	
(5)		(12)		(19)	
(6)		(13)			
(7)	\$	(14)	\$	(20) Total	\$

3. Disposal of assets — From the beginning of the taxable period covered by this offer in compromise to the present date, has there been a disposition of any assets or property with a cost or fair market value of more than \$500, except for full value at the time of sale, transfer, exchange, gift or other disposition?

☐ No ☐ Yes (If yes, please furnish the following information.)

Description of Asset	Date of Transfer	Fair Market Value When Transferred	Consideration Received	Relationship of Transferee to Taxpayer
		\$	\$	

4. Are there any other assets or an interest in assets either actual or contingent, other than those listed here?

☐ No ☐ Yes (If yes, please describe the assets.)

5a. Are foreclosure proceedings pending on any real estate which the corporation owes or has an interest in? <input type="checkbox"/> No <input type="checkbox"/> Yes	b. If yes, please give location of real estate.	c. Was the government made a party to the suit? <input type="checkbox"/> No <input type="checkbox"/> Yes
6a. Are bankruptcy or receivership proceedings pending? <input type="checkbox"/> No <input type="checkbox"/> Yes	b. Is it in process of liquidation? <input type="checkbox"/> No <input type="checkbox"/> Yes	

7. What is the prospect of an increase in value of assets or in present income? (Please give general statement.)

8. Documentation

You must submit the following documentation with your offer. Your offer will be denied if you do not submit all the required documentation.

a. Bank information:

- Bank statements for all accounts held for the past twelve months.
- Final statements for any accounts closed within the past two years.

b. Lease(s) or rental agreement(s):

- Copies of lease(s)/rental agreement(s) either as landlord or tenant.

c. Vehicle information:

- Copies of loan/lease statements for any vehicles.

d. Offers in compromise to the IRS:

- Copies of any offers in compromise made to the IRS.
- Copies of any correspondence from the IRS indicating what action they have taken on the offer to date.

e. Real property:

- Copy of the most recent statement for each loan.
- Copy of any listing contracts for property currently listed for sale.
- Copies of deeds and any related documents for any real property sold, given away or foreclosed upon in the past five years.

9. Affidavit

Under penalties of perjury, I declare that I have examined the information given in this statement and, to the best of my knowledge and belief, it is true, correct, and complete, and I further declare that there are no assets, owned either directly or indirectly, or income of any nature other than as shown in this statement.

a. Date of this statement	b. Signature	c. Title



Authorization to Release Financial Information to the Franchise Tax Board

I hereby authorize _____
Name of Financial Institution

located at _____
Address of Financial Institution

to release to the California Franchise Tax Board financial records in the name(s) of _____

covering the period from _____ to _____
One Year Prior to Offer Date Current Date Plus Six Months

The statutory purpose for which the information is to be obtained is for administration of and compliance with the California Personal Income Tax and Bank and Corporation Tax Laws. I understand my rights under the California Right to Financial Privacy Act, and I have been notified that I have the right to revoke this authorization at any time.

This authorization becomes effective on _____ and expires on _____
Current Date

Current date plus six months

Signature of Taxpayer or Corporate Officer

Signature of Taxpayer or Corporate Officer